

TO: ~~Ken~~ *Ken*  
FROM: Sherrie Gibson *SH*  
DATE: July 22, 1998  
RE: Available Credit

Due to the significant increase in the stock market, in particular Enron Corp. stock, I requested updated collateral valuations (which I have reviewed and concurred with) to determine your current borrowing power. A summary is as follows:

**COMPASS BANK**

Your \$10,000,000 line of credit is fully collateralized, and the remaining available credit is approximately \$2,275,000.

**CHASE**

Your \$5,000,000 line of credit is not totally collateralized; therefore, the remaining available credit of approximately \$275,000 is limited by the amount of collateral.

**NATIONSBANK**

Your \$35,000,000 line of credit is fully funded; however, due to excess collateral the bank is increasing the line of credit by \$2,500,000 to a total of \$37,500,000. The documents are being prepared and will be completed by next week. Sally will forward them to you and Linda for your signatures.

In addition, I've been searching for other means of increasing your lines of credit without having to exercise your stock options. Howard Williams is investigating the possibility of pledging your Enron stock options (NationsBank has accepted Compaq stock options from the company's executives). Due to the nature of stock options, the loan to value ratio would be around 50%; however, the interest rate on the line of credit would be LIBOR + .9%. If this is possible, are you interested? — Sherrie —

**CONCLUSION**

The cheapest money to borrow is still from Enron. The interest rate for July is 5.68% decreasing to 5.57% in August. Due to the increased collateral's values, the current available credit from Compass and Chase total \$2,550,000. With the additional \$2,500,000 line of credit from NationsBank, **your borrowing power from these three institutions will be \$5,050,000.** (This amount will decrease if the pledged stock's prices decline beyond a certain level).

*yes. Please  
Pursue.  
Ken  
7/29/98*

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GOVERNMENT  
EXHIBIT

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